

Registered number: 06324658

The Currency Cloud Group Limited

Annual report and financial statements

For the year ended 31 December 2016

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The Currency Cloud Group Limited

Company Information

Directors	N Verdon (resigned 13 April 2017) M Laven J White R Moore N R Shaikh M Lenson A Weiskam
Company secretary	F Tee (appointed 20 September 2016)
Registered number	06324658
Registered office	The Stewardship Building, 1st Floor 12 Steward Street London E1 6FQ
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor Third Floor 24 Chiswell Street London EC1Y 4YX

The Currency Cloud Group Limited

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The Currency Cloud Group Limited

Group strategic report For the Year Ended 31 December 2016

Introduction

The directors have pleasure in presenting their strategic report for the year ended 31 December 2016. The directors aim is to present a balanced and comprehensive review of the development and performance of the group's business during the year and its position at the year end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the company faces.

Business review

During the year the group has continued to develop its payment platform, expand its banking/local pay-out network and grow its client base. In order to continue to achieve these goals, in December 2016 the company raised £9.5million of investment funds from its existing investors, by issuing 21.1 million preferred D shares, and, as a result, the group ended the year with a non-customer balance of funds of £10.5 million. After the year ended, in February and March 2017, the company raised a further £10.5 million of investment funds from existing investors and Google Ventures, by issuing an additional 23.3 million preferred D shares.

The Board is pleased to report another year of growth. The number of payments in the year has increased by 110% to 1.5m (2015: 0.7m), reflecting the shift in our business as we target higher volume lower value payments. Net revenue for the group from currency transactions increased by 10% to £3.2m (2015: £2.9m) due to general growth in the business. The Board looks to build further on the progress achieved across the group to date and will look to increase its client base and product offering in the year ahead.

Administrative expenses at £13.9m (2015: £9.0m) increased 54% as we have continued to invest by recruiting staff, developing our technology infrastructure and operations services and moving to new office premises. This has led to a year end net loss after tax of £10.6m (2015: £5.8m).

As part of its international business development the Group continue to use its US subsidiary, The Currency Cloud Inc, to apply for US state licensing as a Money Transmitter. The plan is to apply in all 50 US states and the application process is currently on track against target.

In 2017 the company looks to continue to invest in its technology infrastructure and operating services and to grow its client base as well as to consider geographic expansion.

Principal risks and uncertainties

The Board of Directors is responsible for the setting of financial risk management policy and objectives and approves the parameters within which the various aspects of financial risk management operate.

Financial risk

The key financial risk for the group is foreign currency risk that arises through the provision of foreign exchange services and the group looks to reduce this risk by using the robust FX hedging program that it has in place.

Additional financial risk could come out of Brexit, the impact of which is not yet known. The group is currently undertaking planning and is drafting a planned strategy to protect it from any loss of business due to Brexit.

Earnings growth

There is a risk to shareholder value if the group is unable to grow its key business areas. Its success is dependent upon the correct strategies being identified and implemented by a capable management team as well as external factors.

The Currency Cloud Group Limited

Group strategic report For the Year Ended 31 December 2016

Operational risk

This is the risk of a direct or indirect loss resulting from inadequacies or failures in project, processes or controls due to technology, staff, organisations or external factors.

To monitor and control operational risk, the group maintains a system of comprehensive policies and controls framework which are designed to provide a sound and well controlled operational environment. Key information regarding governance and the management of risk are reported to the Board. This enable management to monitor operational risk at appropriate levels.

Liquidity risk

This is the risk of insufficient liquid funds being available to meet the group's working capital requirements.

The group monitors its liquidity levels and has mitigating controls in place to reduce the risk of a liquidity event. The Currency Cloud Limited, a subsidiary of the company, at a company level is required to maintain capital at a level to meet the Financial Conduct Authorities capital adequacy requirement.

Credit risk

This is the risk of losses being incurred through a client or other third party being unable to meet their obligations to the company.

The group has robust policies in place to review substantial credit exposures prior to entering into a transaction with a client and monitor open exposures.

Financial key performance indicators

The key financial performance indicators are:

	2016	2015	2014
£'000 (except where 000's)	£'000	£'000	£'000
No. of Payment (000's)	1,511	717	358
Net revenue from currency transactions	3,176	2,888	1,877
Loss before tax	(11,088)	(6,212)	(4,915)
Cash at bank and on hand	17,730	7,377	1,515

Despite a loss before tax this year, which is due to increased investment in staff, technology infrastructure, operations services and new premises in the year so as to enhance company performance, the directors are pleased to report a continued improvement in performance of the company. The directors believe that they can continue to grow and develop the group in the future.


Going concern

After making enquiries, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

The Currency Cloud Group Limited

**Group strategic report
For the Year Ended 31 December 2016**

This report was approved by the board on *20th June 2017* and signed on its behalf.



M Laven
Director

The Currency Cloud Group Limited

Directors' report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the group during the year was that of a dedicated provider of international payments and currency conversion services via in-house developed technology. This platform is primarily offered to White Label Partners as well as being offered as an Application Program Interface.

Directors

The directors who served during the year were:

N Verdon (resigned 13 April 2017)
M Laven
J White
R Moore
N R Shaikh
M Lenson
A Weiskam

Results and dividends

The loss for the year, after taxation, amounted to £10.6m (2016 - 5.8m).

The directors have not paid interim dividends (2015: £Nil) and do not recommend the payment of a final dividend (2015: £Nil).

Future developments

The group will continue to develop its payment platform, expand its banking/local pay-out network and grow its client base. In order to achieve these goals the business will continue to strengthen its management team and workforce.

The Currency Cloud Group Limited

Directors' report (continued) For the Year Ended 31 December 2016

Financial instruments

The group's principal financial instruments are comprised of derivatives, bank balances, trade creditors, trade debtors, loans to and from the company and financial derivatives. The main purpose of these instruments is to raise funds to finance the operations of the company. The main risks arising from the financial instruments are interest rate risk, liquidity risk and foreign currency risk.

Due to the nature of the financial instruments used by the group, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments is set out below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the group's bank balances. The group makes use of bank deposit accounts where surplus funds are available.

Loans are comprised of overdrafts from the financial institutions and related parties. The interest rate on these loans is variable. The group manages the liquidity risk by ensuring that there are sufficient funds to meet the repayments. The group manages the credit and cash flow risk via the regular monitoring of amounts outstanding to and from group undertakings and the active participation in the management of the group undertakings by the directors.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit exposure offered to customers and the regular monitoring of amounts outstanding by both time and credit limit.

Trade creditors' liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due.

The group seeks to manage foreign exchange risk by matching receipts and payments in foreign currencies as far as possible by using currency swaps and forward exchange contracts.

Group's policy for payment of creditors

The group's current policy concerning the payment of suppliers is to pay in accordance with the group's contractual and other legal obligations.

Disabled employees

It is the group's policy to give full and fair consideration to applicants for employment made by disabled persons, having regard to their particular attitude and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for the appropriate training, career development and promotion of disabled persons.

Matters covered in the strategic report

Items required under Schedule 7 to be disclosed in the directors' report are set out in the strategic report in accordance with s.414C(11) CA2006.

The Currency Cloud Group Limited

Directors' report (continued) For the Year Ended 31 December 2016

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

The Currency Cloud Group Limited

Directors' report (continued)
For the Year Ended 31 December 2016

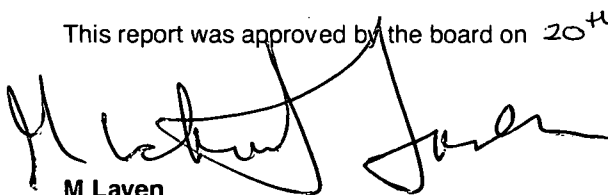
Post balance sheet events

In February and March 2017 the company raised a further £10.5 million of investment funds by issuing an additional 23 million of preferred D shares. Additional details regarding this have been included within Note 27 'Post balance sheet events'.

Auditors

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever the earlier.

This report was approved by the board on 20th June 2017 and signed on its behalf.



M Laven
Director

The Currency Cloud Group Limited

Independent auditors' report to the shareholders of The Currency Cloud Group Limited

We have audited the financial statements of The Currency Cloud Group Limited for the year ended 31 December 2016, set out on pages 10 to 36. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 and of the Group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The Currency Cloud Group Limited

Independent auditors' report to the shareholders of The Currency Cloud Group Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Cook *Kreston Reeves LLP*

Michael Cook BA(Hons) FCA (Senior Statutory Auditor)
For and on behalf of Kreston Reeves LLP
Statutory Auditors and Chartered Accountants

Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date: *20 JUNE 2017*

The Currency Cloud Group Limited

**Consolidated statement of comprehensive income
For the Year Ended 31 December 2016**

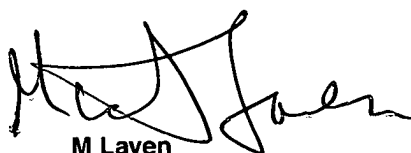
		2016	As restated
	Note	£000	2015
			£000
Revenue from currency transactions		7,502	4,888
Cost of sales from currency transactions		(4,326)	(2,000)
Net revenue from currency transactions	4	3,176	2,888
Administrative expenses		(13,886)	(9,043)
Operating loss	5	(10,710)	(6,155)
Interest receivable and similar income	10	7	13
Interest payable and expenses	11	(385)	(70)
Loss before taxation		(11,088)	(6,212)
Tax on loss	12	468	428
Loss for the year		(10,620)	(5,784)
Movement on foreign exchange reserve		(1)	(2)
Movement on share based payment reserve options		126	73
Other comprehensive income for the year		125	71
Total comprehensive income for the year		(10,495)	(5,713)
Non-controlling interests		-	(1)
Owners of the parent Company		(10,620)	(5,783)
		(10,620)	(5,784)
Non-controlling interest		-	(1)
Owners of the parent Company		(10,495)	(5,712)
		(10,495)	(5,713)

The Currency Cloud Group Limited
Registered number: 06324658

Consolidated statement of financial position
As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible fixed assets	13	615	187
		<u>615</u>	<u>187</u>
Current assets			
Debtors	15	3,403	2,085
Cash at bank and in hand	16	17,730	7,377
		<u>21,133</u>	<u>9,462</u>
Creditors: amounts falling due within one year	17	(11,515)	(2,137)
Net current assets		<u>9,618</u>	<u>7,325</u>
Total assets less current liabilities		<u>10,233</u>	<u>7,512</u>
Creditors: amounts falling due after more than one year	18	(2,261)	-
Provisions for liabilities			
Other provisions	21	(1,440)	-
		<u>(1,440)</u>	<u>-</u>
Net assets excluding pension asset		<u>6,532</u>	<u>7,512</u>
Net assets		<u>6,532</u>	<u>7,512</u>
Capital and reserves			
Called up share capital	22	14	12
Share premium account	24	32,095	22,575
Foreign exchange reserve	24	(7)	(6)
Other reserves	24	275	149
Profit and loss account	24	(25,845)	(15,225)
Equity attributable to owners of the parent Company		<u>6,532</u>	<u>7,505</u>
Non-controlling interests		-	7
		<u>6,532</u>	<u>7,512</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20th June 2017



M Laven
Director

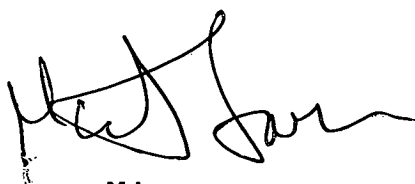
The notes on pages 18 to 36 form part of these financial statements.

The Currency Cloud Group Limited
Registered number: 06324658

Company statement of financial position
As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	14	1,529	1,534
		<u>1,529</u>	<u>1,534</u>
Current assets			
Debtors	15	18,459	12,851
Cash at bank and in hand	16	9,475	6,424
		<u>27,934</u>	<u>19,275</u>
Creditors: amounts falling due within one year	17	(611)	(859)
Net current assets		<u>27,323</u>	<u>18,416</u>
Total assets less current liabilities		<u>28,852</u>	<u>19,950</u>
Creditors: amounts falling due after more than one year	18	(2,261)	-
Net assets		<u>26,591</u>	<u>19,950</u>
Capital and reserves			
Called up share capital	22	14	12
Share premium account	24	32,095	22,575
Foreign exchange reserve	24	(137)	-
Other reserves	24	275	149
Profit and loss account	24	(5,656)	(2,786)
		<u>26,591</u>	<u>19,950</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20th June 2017



M Laven
Director

The notes on pages 18 to 36 form part of these financial statements.

The Currency Cloud Group Limited

Consolidated statement of changes in equity
For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2016	12	22,575	(6)	149	(15,225)	7,505	7	7,512
Comprehensive income for the year								
Loss for the year	-	-	-	-	(10,620)	(10,620)	-	(10,620)
Movement of foreign exchange reserve	-	-	(1)	-	-	(1)	-	(1)
Movement of other reserve	-	-	-	126	-	126	-	126
Other movement	-	-	-	-	-	-	(7)	(7)
Other comprehensive income for the year	-	-	(1)	126	-	125	(7)	118
Total comprehensive income for the year	-	-	(1)	126	(10,620)	(10,495)	(7)	(10,502)
Shares issued during the year	2	9,520	-	-	-	9,522	-	9,522
Total transactions with owners	2	9,520	-	-	-	9,522	-	9,522
At 31 December 2016	14	32,095	(7)	275	(25,845)	6,532	-	6,532

The Currency Cloud Group Limited

Consolidated statement of changes in equity
For the Year Ended 31 December 2015

	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 January 2015	8	10,545	(4)	76	(9,442)	1,183	8	1,191
Comprehensive income for the year								
Loss for the year	-	-	-	-	(5,783)	(5,783)	(1)	(5,784)
Movement on foreign exchange reserve	-	-	(2)	-	-	(2)	-	(2)
Movement of other reserve	-	-	-	73	-	73	-	73
Other comprehensive income for the year	-	-	(2)	73	-	71	-	71
Total comprehensive income for the year	-	-	(2)	73	(5,783)	(5,712)	(1)	(5,713)
Shares issued during the year	4	12,030	-	-	-	12,034	-	12,034
Total transactions with owners	4	12,030	-	-	-	12,034	-	12,034
At 31 December 2015	12	22,575	(6)	149	(15,225)	7,505	7	7,512

The notes on pages 18 to 36 form part of these financial statements.

The Currency Cloud Group Limited

**Company statement of changes in equity
For the Year Ended 31 December 2016**

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2016	12	22,575	-	149	(2,786)	19,950
Comprehensive income for the year						
Loss for the year	-	-	-	-	(2,870)	(2,870)
Movement on foreign exchange reserve	-	-	(137)	-	-	(137)
Movement on share based payment reserve options	-	-	-	126	-	126
Other comprehensive income for the year	-	-	(137)	126	-	(11)
Total comprehensive income for the year	-	-	(137)	126	(2,870)	(2,881)
Contributions by and distributions to owners						
Shares issued during the year	2	9,520	-	-	-	9,522
Total transactions with owners	2	9,520	-	-	-	9,522
At 31 December 2016	14	32,095	(137)	275	(5,656)	26,591

The Currency Cloud Group Limited

**Company statement of changes in equity
For the Year Ended 31 December 2015**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2015	8	10,545	76	(1,484)	9,145
Comprehensive income for the year					
Loss for the year	-	-	-	(1,302)	(1,302)
Movement on share based payments reserve options	-	-	73	-	73
Other comprehensive income for the year	-	-	73	-	73
Total comprehensive income for the year	-	-	73	(1,302)	(1,229)
Contributions by and distributions to owners					
Shares issued during the year	4	12,030	-	-	12,034
Total transactions with owners	4	12,030	-	-	12,034
At 31 December 2015	12	22,575	149	(2,786)	19,950

The notes on pages 18 to 36 form part of these financial statements.

The Currency Cloud Group Limited

**Consolidated statement of cash flows
For the Year Ended 31 December 2016**

	2016 £000	2015 £000
Cash flows from operating activities		
Loss for the financial year	(10,620)	(5,784)
Adjustments for:		
Depreciation of tangible assets	178	181
Loss on disposal of tangible assets	1	-
Share based payments	126	39
Interest paid	347	70
Interest received	(7)	(13)
Taxation	(468)	(427)
Increase in debtors	(548)	118
(Decrease)/Increase in creditors	9,326	(152)
Increase in Provisions	1,440	-
Derivative fair value adjustment	38	-
Corporation tax	(302)	300
Net cash generated from operating activities	(489)	(5,668)
Cash flows from investing activities		
Purchase of tangible fixed assets	(606)	(178)
Sale of fixed asset	5	-
Interest received	7	13
Share based payments	-	36
Net cash from investing activities	(594)	(129)
Cash flows from financing activities		
Issue of ordinary shares	9,522	12,034
New secured loans	-	278
Other new loans	2,261	-
Repayment of other loans	-	(583)
Interest paid	(347)	(70)
Net cash used in financing activities	11,436	11,659
Net increase in cash and cash equivalents	10,353	5,862
Cash and cash equivalents at beginning of year	7,377	1,515
Cash and cash equivalents at the end of year	17,730	7,377
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	17,730	7,377
	17,730	7,377

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

1. General information

The Currency Cloud Group Limited is a limited liability company incorporated in England. The address of the registered office is First Floor, The Stewardship Building, 12 Steward Street, London E1 6FQ. The principal activity of the group is the provision of international payments and currency conversion services via in-house developed technology. This platform is offered to White Label Partners as well as being offered as an Application Program Interface (API).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of The Currency Cloud Group Limited and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

Despite the group reporting a loss for the year of £10,620k (2015: £5,784k) the group has net assets of £6,532k (2015: £7,512k) as at 31 December 2016. The financial statements have been prepared on a going concern basis as the directors believe it is appropriate given the company's financial position. Additionally the group has carried out two fundraising exercises, which enabled the group to be fully funded for the next 12 months from date of approval of the financial statements or at least until the point anticipated profits are expected to be achieved group wide.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates value added tax and other sales taxes.

Revenue comprises of platform setup and usage fees, transactional fees and commissions. Foreign exchange transactions are recognised on a trade date basis and platform setup and usage fees, transactional fees and commissions are recognised on an accruals basis. The cost of transacting currency including commissions are treated as a cost of sale.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- Straight line over 3 years
Office equipment	- Straight line over 3 years
Computer equipment	- Straight line over 3 years
Office fit out	- Straight line over 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The company holds client money on behalf of clients in accordance with client money rules of the Financial Conduct Authority (firm reference number: 900199). Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the balance sheet because monies are held in trust and the Company is not beneficially entitled to them.

2.10 Financial instruments

The Group enters into basic and non basic financial instruments transactions that result in the recognition of financial assets and liabilities like forward contracts, trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.14 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated statement of comprehensive income is charged with fair value of goods and services received.

2.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.17 Amounts payable to clients

Amounts payable to clients comprise amounts receivable in advance from clients in respect of foreign currency transactions prior to the maturity date of a trade, currency owed to clients post maturity date awaiting settlement, and the market movements on client open trades.

2.18 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.21 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.22 Research and development

Research and development expenditure is written off in the year in which it is incurred.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgemental in applying the entity's accounting policies:

(i) Going concern

The directors consider the company to be a going concern, for the reasons as detailed in Note 2.3 to these financial statements.

(ii) Deferred tax

Assessing whether the company will have sufficient available profits in the future to utilise taxable trade losses against requires judgment. The directors have decided that there is no certainty that taxable profits will be earned in the foreseeable future, and therefore have decided not to recognise a deferred tax asset in these financial statements. Further details of the trade losses are included in Note 12.

(b) Critical accounting estimates and assumptions

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment and note 2.5 for the useful economic lives for each class of asset.

(ii) Accrued and deferred income and expenses

It represents income in respect of commissions from open forward currency contracts during the year that remain open at the year end. The management's judgment is involved in the estimate of accrual and deferral of income and their completeness.

(iii) Measurement of fair value

The company's accounting policies requires measurement and disclosures of fair value of the company's financial instruments. The company when measuring fair value of its financial instruments uses techniques and estimates based on market information and discounting factors to value assets and liabilities.

(iv) Provisions

Provisions for trading profit and loss are based on the expectation that the company's forward contract hedged positions have been historically affected by fluctuations in the currency markets.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

4. Revenue from currency translation

	2016 £000	As restated 2015 £000
An analysis of revenue of business is as follows;		
Platform usage fee	3,633	1,840
Transactional fee	1,589	1,282
Commission receivable	2,250	1,706
Other revenue	30	60
Total Revenue	7,502	4,888
Cost of sales	(4,326)	(2,000)
Net revenue from currency transactions	3,176	2,888

In presenting its revenue the company has disclosed the revenue attributable to the company. This has been presented on an agency basis in accordance with generally accepted accounting practice rather than disclosing gross currency contracts as part of both revenue and costs of sales as in prior years. As a result of this change in presentation there is no effect on profit or loss and no effect on equity in either 2015 or 2016.

5. Operating loss

The operating loss is stated after charging:

	2016 £000	2015 £000
Research & development charged as an expense	1,737	1,362
Depreciation of tangible fixed assets	178	181
Fees payable to the Group's auditor and its associates for the audit of the group, the company and its subsidiaries annual financial statements	41	26
Exchange differences	272	(322)
Other operating lease rentals	659	196
Defined contribution pension cost	119	72

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

6. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	9	9
	<u>9</u>	<u>9</u>
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	32	17
All other non-audit services not included above	4	1
	<u>36</u>	<u>18</u>
	<u><u>36</u></u>	<u><u>18</u></u>

7. Employee costs

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	6,991	4,645
Social security costs	811	560
Costs of defined contribution scheme	119	72
	<u>7,921</u>	<u>5,277</u>
	<u><u>7,921</u></u>	<u><u>5,277</u></u>

8. Employee numbers

The average monthly number of employees, including the directors, during the year was as follows:

	2016 £000	1905 £000
Directors	3	3
Sales	28	18
Marketing	12	9
Technology	22	18
Operations	8	5
Finance	6	4
Compliance	8	7
	<u>87</u>	<u>64</u>
	<u><u>87</u></u>	<u><u>64</u></u>

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

9. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	530	382
	<u>530</u>	<u>382</u>

The highest paid director received remuneration of £212k (2015 - £212k).

10. Interest receivable

	2016 £000	2015 £000
Other interest receivable	7	13
	<u>7</u>	<u>13</u>

11. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	347	70
Derivative fair value adjustment	38	-
	<u>385</u>	<u>70</u>

12. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	(468)	(428)
Total current tax	<u>(468)</u>	<u>(428)</u>

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	(11,088)	(6,212)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(2,218)	(1,258)
Effects of:		
Adjustment in research and development credit leading to an increase (decrease) in the tax charge	(468)	(452)
Unrelieved tax losses carried forward	2,218	1,282
Total tax charge for the year	(468)	(428)

Factors that may affect future tax charges

At the balance sheet date, the group has approximately £22m (2015: £11m) of trading losses available to be used against future trading profits.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

13. Tangible fixed assets

Group

	Fixtures & fittings £000	Computer equipment £000	Fit out costs £000	Total £000
Cost or valuation				
At 1 January 2016	178	337	-	515
Additions	-	42	564	606
Disposals	(178)	(9)	-	(187)
At 31 December 2016	-	370	564	934
Depreciation				
At 1 January 2016	162	166	-	328
Charge for the period on owned assets	16	95	67	178
Disposals	(178)	(9)	-	(187)
At 31 December 2016	-	252	67	319
Net book value				
At 31 December 2016	-	118	497	615
At 31 December 2015	17	171	-	188

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	1,534
Disposals	(5)
At 31 December 2016	1,529
Net book value	
At 31 December 2016	1,529
At 31 December 2015	1,534

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

14. Fixed asset investments (continued)

Name	Class of share	Holding	Principal activity
The Currency Cloud Limited	Ordinary	100%	Foreign exchange and international payments
The Currency Cloud Services Limited	Ordinary	100%	In house specialist technology platform
FX CG Services Limited	Ordinary	100%	Non-trading
The Currency Cloud Inc.	Ordinary	100%	Foreign exchange and international payments
CurrencyCloud PTE. Ltd.	Ordinary	100%	Non-trading

15. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Other debtors	444	81	-	-
	<u>444</u>	<u>81</u>	<u>-</u>	<u>-</u>
Due within one year				
Trade debtors	926	475	-	-
Amounts owed by group undertakings	-	-	18,449	12,828
Other debtors	1,069	558	1	3
Prepayments and accrued income	716	971	9	20
Derivative financial assets	248	-	-	-
	<u>3,403</u>	<u>2,085</u>	<u>18,459</u>	<u>12,851</u>

16. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	17,730	7,377	9,475	6,424
	<u>17,730</u>	<u>7,377</u>	<u>9,475</u>	<u>6,424</u>

The cash balance as at 31 December 2016 of £17,730k (2015: £7,377k) includes £7,231k (2015: £NIL) held in respect of customer balances, the corresponding liability for which is held within Other creditors in Note 17. Of this amount, The Currency Cloud Limited held £7,231k (2015: £NIL) of cash as margin sent by clients in preparation for trading.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

17. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	502	611	502	611
Trade creditors	458	203	11	-
Amounts owed to group undertakings	-	-	-	232
Corporation tax	-	26	-	-
Other taxation and social security	224	187	-	-
Other creditors	8,093	327	-	-
Accruals and deferred income	1,951	783	98	16
Derivative financial liabilities	287	-	-	-
	11,515	2,137	611	859

Kreos Capital V (UK) Limited hold a debenture over the group and have fixed or floating charge over the assets of the group.

18. Creditors: Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Other loans	2,261	-	2,261	-
	2,261	-	2,261	-

19. Loans

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts falling due within one year				
Bank loans	502	611	502	611
	502	611	502	611
Other loans	2,261	-	2,261	-

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

20. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	2,882	1,410	18,450	12,831
	2,882	1,410	18,450	12,831
Financial liabilities				
Financial liabilities measured at amortised cost	(13,026)	(2,137)	(2,873)	(859)
	(13,026)	(2,137)	(2,873)	(859)

Financial assets measured at amortised cost comprise trade receivables, amounts owed by group undertakings, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade payables, other creditors, amounts owed to group undertakings and accruals.

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets measured at fair value	248	-	-	-
Financial liabilities measured at fair value	(286)	-	-	-
	(38)	-	-	-

Financial assets measured at fair value comprise fair value derivatives assets.

Financial liabilities measured at fair value comprise fair value derivatives liabilities.

Derivative Financial Instruments

The company enters into forwards foreign currency contracts to mitigate the exchange rate risk for certain foreign currency contracts. The financial derivatives assets and liabilities are carried at their fair value and represent the discounted change in fair value.

At 31 December 2016 the fair value of forward exchange assets at fair value was £248k and the fair value of forward exchange liabilities at fair value was £286k. The net change in fair value of the derivative assets and derivative liabilities, being the difference between the value at contract date and the value at year end, was £38k and this amount was recognised in the statement of comprehensive income.

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

21. Provisions

Group

	Provision £000
Charged to profit or loss	1,440
At 31 December 2016	1,440

The company has undertaken a review of its forward contract hedge operations and as a result has made a number of significant improvements. Associated with those changes a provision has been made for historic losses.

Company

	Total £000
At 31 December 2016	-

22. Share capital

During 2016, the company conducted a series D round and issued 21 million of preferred D shares.

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
13,440,734 Ordinary A shares of £0.0001 each	1	1
7,357,340 Ordinary B shares of £0.0001 each	1	1
33,704,870 A Preferred shares of £0.0001 each	3	3
25,246,649 B Preferred shares of £0.0001 each	3	3
40,000,000 C Preferred shares of £0.0001 each	4	4
21,111,111 D Preferred shares of £0.0001 each	2	-
	14	12

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

22. Share capital (continued)

Share option

On 26 March 2009, the company set up two share option schemes for Nigel Verdon, a director of the company. Both share option schemes granted 159,000 Ordinary A shares of £0.0001 each with an exercise price of £0.03929 per share. During 2011, the first share option for 159,000 Ordinary A shares of £0.0001 each was exercised at a price of £0.03929 per share.

In 2012, each Ordinary A share was sub-divided into 10 Ordinary A shares of £0.0001 each. As a consequence, the remaining option is now for 1,590,000 Ordinary A shares, with an exercise price of £0.003929 per share.

The second share option scheme may only be exercised at the earliest of the buyer giving notice to the company agreeing that the company has achieved a valuation of no less than £20 million and the date of approval of the company accounts which submits that the company has achieved a valuation of no less than £20 million. The exercise must be made within 12 months of the earliest of the above dates otherwise the share option will lapse. Once exercise has been made, the company will issue 477,000 Ordinary A shares of £0.0001 each to Nigel Verdon and then continue to issue 46,380 Ordinary A shares of £0.0001 each, each month for a period of 12 months. Subsequently, the company will issue 46,370 Ordinary A shares of £0.0001 each, each month for a further period of 12 months.

The second share option still remained as at the balance sheet date. The weighted average fair value of options was £0.0641. This was calculated as being the restricted market value of £0.068, at the grant date, less the exercise price of £0.0039. No adjustment was made for the expected volatility in the share price as this is expected to be minimal, by virtue of the nature of the company. There are not considered to be any other features of the grant that affect the fair value.

The total expense for the period was £Nil (2015: £Nil), and no liability (2015: £Nil) is outstanding as at 31 December 2016.

EMI Scheme

The company operates an Employee Management Incentive scheme, whereby employees have been granted options to purchase shares in the company. There are no requirements to be satisfied in order for the options to vest. Options lapse on the tenth anniversary of the date on which they were granted. Options are to be settled, upon payment by the option holder of the exercise price, with the allotment of shares in the company.

There were unallocated awards of 7,967,321 shares (2015: 7,555,649) outstanding at the beginning of the period. Awards of 2,305,000 (2015: 1,585,000) were made during the year, awards of 814,087 shares (2015: Nil) lapsed during the year and awards of 378,725 (2015: 652,679) were exercised during the year. Unallocated awards of 6,476,408 shares were outstanding as at 31 December 2016 (2015: 7,967,321).

Fair value is the restricted market value less exercise price. The fair value of a single Ordinary Share is £0.084 less the exercise price £0.058. No adjustment was made for the expected volatility in the share price as this is expected to be minimal, by the nature of the company. There was not considered to be any other features of the grant that affect the fair value.

The total expense for the period was £152,052 (2015: £73,002), and no liability (2015: £Nil) is outstanding in respect of share based payments as at 31 December 2016.

Contained within the figures stated above are awards of 5,110,530 shares (2015: 4,810,530) granted by the company which are not included in the EMI scheme as recognised by Her Majesty's Revenue & Customs. These awards differ from the remainder of the awards in no other way. The expense for the period in relation to these shares was £67,864 (2015: £37,016).

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

23. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £2,870k (2015 - loss £1,302k).

24. Reserves

Share premium account

This represents the amount above the nominal value of shares that have been issued by the company.

Foreign exchange reserve

This reserve comprises translation difference arising on the translation of financial statements of the group's foreign entities into sterling,

Other reserves

This reserve comprises the share option scheme setup costs by the directors for employees.

Profit & loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

Share Capital

This represents the nominal value of shares that have been issued by the company.

25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £119k (2015: £72k). At the balance sheet date £22k (2015: £13k) remained unpaid and its included in other creditors.

26. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Not later than 1 year	728	110
Later than 1 year and not later than 5 years	2,887	179
Later than 5 years	3,349	-
Total	6,964	289

The Currency Cloud Group Limited

Notes to the financial statements For the Year Ended 31 December 2016

27. Post balance sheet events

After year ended, in February 2017 and March 2017, the Group raised a further £10.5 million of investment funds from existing investors and Google Ventures by issuing an additional 23.3 million of preferred D shares.

28. Controlling party

There is no majority shareholding in the share capital of the company and therefore there is considered to be no one controlling party.